



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 10/8/2004

GAIN Report Number: CA4070

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 34 2004

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Report Highlights:

Throne Speech Says Canada Will Push for More Reliable Access to U.S. Lumber and Cattle Markets * Alberta Pork Plant Expands * U.S. Fish and Seafood Exports to Canada on a Record Pace * Ontario Restaurants Required to Pre-Freeze Raw Fish and Seafood * Economic Forecast for Manitoba Downgraded Due to Poor Weather * Statistics Canada Releases the September Crop Estimates

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

THRONE SPEECH SAYS CANADA WILL PUSH FOR MORE RELIABLE ACCESS TO U.S. MARKETS:

Canada's Governor General opened the 38th Parliament of Canada on October 5, 2004. The Liberals won only 135 of the 308 seats in Parliament in the June 28 election, meaning they have a minority government and will have to depend on the Conservatives (with 99 seats), New Democrats (with 19 seats) or Bloc Québécois (with 54 seats) to pass legislation. The speech from the throne sets out the broad goals of the government and how it intends to accomplish them. The throne speech text included the following statements concerning trade:

"Canada has always been a trading nation, but never more so than today. It is therefore vital that we secure and enhance our access to markets, both in North America and the world. To this end, the Government will continue to push for an open, rules-based international trading system and a successful conclusion of the Doha Round of global trade negotiations.

Issues such as softwood lumber and BSE underline the importance the Government attaches to obtaining more reliable access to U.S. markets. It will build on the successful Smart Borders initiative and on measures designed to develop a more sophisticated and informed relationship involving business and government officials in the United States.

The Government will enhance its capacity to expand international trade and commerce, with a particular focus on North America and emerging markets."

OLYMEL TO EXPAND PORK PLANT IN ALBERTA: Olymel, one of Canada's largest processors of pork and poultry will reportedly expand its Red Deer Alberta pork production facility (formerly Fletcher's). The plant currently slaughters about 45,000 hogs per week. The expansion is expected to cost up to C\$15 million and nearly double slaughter capacity. No date of completion is available. Olymel sells almost half of its pork products in the export market. The Red Deer plant exports primarily to the U.S., Japan, Mexico, and Australia.

U.S. FISH AND SEAFOOD EXPORTS TO CANADA ON A RECORD PACE IN 2004: In the first seven months of 2004, U.S. fish and seafood exports to Canada were up 14% from the same period a year earlier and are on a pace to reach close to \$700 million for 2004. Canada is the second most important market for exports of U.S. seafood, after Japan. In 2003, U.S. fish and seafood exports to Canada totaled a record \$612 million, a 6.3 % increase from 2002. The U.S. share of the Canadian import market for fish and seafood remains steady at 44%. U.S. fishery product sales to Canada accounted for 20% of the \$3.0 billion in total U.S. fish and seafood exports to the world during 2003. What are the hottest U.S. fish and seafood items in the Canadian market? See the Fishery Products Annual Report CA4071 that will be available shortly on the FAS webpage.

ONTARIO RESTAURANTS REQUIRED TO PRE-FREEZE RAW FISH AND SEAFOOD: Some sushi lovers in Ontario might want to say *sayonara* to their favorite dishes now that the province of Ontario has passed a regulation effective September 1, 2004 requiring commercial food establishments that prepare fish that is intended to be consumed raw, (including raw-marinated and partially cooked fish), to freeze the product before preparation to a temperature of minus 20 degrees Celsius or below for 7 days or to a temperature of minus 35 Celsius degrees or below for 15 hours. Many chefs and seafood diners in Canada's most populace province claim that the flavor and texture of sushi dishes will be adversely affected.

The province reportedly took the move in a pre-emptive strike against fish borne parasites and other food borne pathogens under its Health Protection and Promotion Act, Regulation 562. At the federal level, Health Canada has related guidelines, and is in the process of developing a comprehensive policy on Raw Foods of Animal Origin that includes meat, poultry, eggs, raw milk cheese, fish and seafood.

POOR WEATHER RESULTS IN DOWNGRADE IN MANITOBA'S ECONOMIC FORECAST: The calendar may read October 8, 2004, but it feels more like June 1st in Manitoba. The sun is shining and temperatures are what you would expect in the early summer months. In fact this is the kind of weather farmers in Manitoba were hoping for in June, when the weather was more like October weather, cold and rainy. Unfortunately for producers in that province, the weather did not really improve at all through the summer and the expectations of a good harvest are fading away like the summer sun. The poor weather slashed yields, produced low-quality crops and resulted in many fields not worth harvesting. In fact the Manitoba corn crop has essentially been written off. Between a third to a half of Manitoba's wheat crop normally comes off the fields as No.1 wheat, but this year only 10 to 15 per cent will earn that ranking, with the rest most likely going No. 2 or No. 3 grade. Roughly half the flax crop has been lost and the quality in the soybeans and canola is down. All this played a major factor in the Royal Bank of Canada's decision to downgrade the province's economic forecast from 4.1 per cent growth in 2004 to 3.1 per cent. Agriculture accounts for 4.7 per cent of Manitoba's gross domestic product and 1/5 of the province's foreign commodity exports.

CROP UPDATE: The growing season is officially over in Manitoba and Saskatchewan. A killing frost hit the provinces late last week and early this week, ending what had been a very frustrating year for producers. On the bright side, both provinces have been experiencing warmer than normal temperatures with minimal rain, which have helped in completing harvest. In Saskatchewan, 51 per cent of the 2004 crop has been harvested. This is still behind the five year average of 86 per cent, but up from last week's 30 per cent. Combining of canola is just 41% complete, but most fields have been cut. Crop quality is expected to be below average overall. In Manitoba, harvest is roughly 50% complete. Yields in the west were reduced by frost, but other regions are reporting average yields or above.

STATS CANADA RELEASES ITS SEPTEMBER ESTIMATES: In its latest report of production of principal crops, Stats Canada is forecasting total wheat production to reach 22.5 million metric tons (MMT) in the Prairies and a total of 24.5 MMT across the country. The winter wheat production on Ontario declined 27.9 per cent from 2003. Spring wheat in Western Canada is forecast to increase 5% to 16.9 MMT as result of an increase in yield. Durum production is also expected to increase 9% to 4.7 MMT. All three prairies provinces are forecast to have increased barley production. The 10-year average is 11.3 MMT and the estimated production is pegged at 12.1 MMT. Canola production is expected to rise to 6.9 MMT, which is less than was originally forecast but higher than the 10-year average of 6.4 MMT. Frost in Manitoba and Saskatchewan resulted in decline in their production levels. Corn in Ontario and Quebec suffered as a result of the weather and the result was a 9% drop in production in Quebec and a 13% drop in production in Ontario.

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